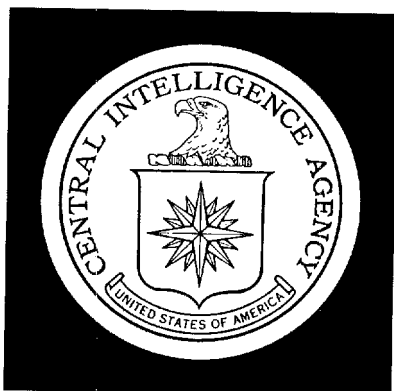


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DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

Secret

No 42

8 September 1971

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Approved For Release 2003/05/19 : CIA-RDP79T00975A019900100001-0

Approved For Release 2003/05/19 : CIA-RDP79T00975A019900100001-0

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No. 0215/71
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JAPAN: Some leaders of the ruling Liberal Democratic Party (LDP) are moving to dissociate themselves from Prime Minister Sato on the China representation issue.

These leaders--including former defense chief Yasuhiro Nakasone, who otherwise supports Sato--are opposing a decision to cosponsor US-proposed resolutions on the issue, although the government has promised to support them. Two major party leaders--former foreign ministers Miki and Ohira--have publicly objected even to supporting the resolutions, advocating instead all possible encouragement for Peking's admission. Ohira's stand has been seconded by Justice Minister Maeo and Agriculture Minister Akagi. At a weekend meeting of the top ruling party leaders, no consensus on the question of cosponsorship could be reached on the eve of Foreign Minister Fukuda's departure to head Japan's delegation to the joint economic conference in Washington on 9-10 September.

The question is complicated by the fact that Miki, Ohira, and trade minister Tanaka--who is also attending the Washington meeting--are Fukuda's rivals to succeed Sato as prime minister. Nakasone fears that Sato's foes and party rivals would seize upon the defeat of US-proposed resolutions to force Sato to step down as prime minister before his own plan for the succession can be completed. Nakasone privately favors acquiescing in Taipei's exclusion, but for the time being is interested in supporting Sato and indirectly Fukuda, against Ohira and Miki.

Fukuda realizes that his chances to become prime minister are also closely related to how Sato manages the China representation issue, and that the strong domestic pressure for rapprochement with Peking must be taken into account in approaching the question.

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HONDURAS: Despite some concessions on the part of the government, student violence continues, and the military has threatened to take action.

Disorders by leftist students and teachers, ostensibly against the USAID-sponsored educational assistance contract, have not abated even though the government has renegotiated portions of the contract and arranged the withdrawal of the US personnel involved. The demonstrators, who claim that the contract amounts to "cultural imperialism," continue to demand its complete termination. They now have added other demands that the President feels would give the Communist-dominated university control of the educational system. Five more bombs were exploded late last week bringing the total to eight or ten over the past several weeks, during which time demonstrators have also blocked traffic and burned textbooks. So far, there have been no injuries, but US personnel may be targets in the future.

The force behind the campaign remains obscure, but many observers believe that Minister of Government and Justice Ricardo Zuniga may be encouraging the disorders. Zuniga, who was the "power behind the throne" during the previous regime, could benefit from a military take-over by former president Oswaldo Lopez. Lopez, now Chief of the Armed Forces, has warned President Cruz that he must end the disorders or the military will be obliged to do so.



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NATO-MBFR: The European allies remain extremely cautious as NATO prepares more actively for negotiations on mutual and balanced force reductions (MBFR).

The somewhat skeptical approach of the allies, evident in recent discussions at NATO, is motivated primarily by their feeling that Washington's support for MBFR is dictated essentially by domestic US pressures. Despite reassurances from the US, the convergence of recent events--particularly those associated with the financial crisis--has fed suspicions that MBFR could turn out to be mainly a cover for large reductions in US forces.

A special high-level session of the North Atlantic Council on 5-6 October will probably designate retiring Secretary General Brosio to explore prospects for MBFR negotiations in talks with Warsaw Pact countries. In discussions preparatory to the meeting, the West Germans have continued to urge a slow, orderly approach to MBFR, recommending initially limited and verifiable reductions in order to build confidence in the good intentions of both sides. The UK remains doubtful that any reductions would be compatible with Western security. Both Bonn and London are prepared, nevertheless, to begin a long and difficult negotiating process whereas Paris remains adamantly opposed to any Western force reduction.

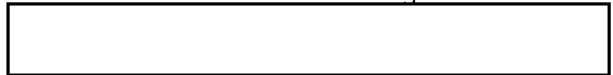
Some of the smaller allies are now assessing more thoroughly the potential impact of MBFR on their interests. A coalition of southern allies--Greece, Turkey, Italy, and Portugal--is emerging in opposition to any expansion of the geographical coverage of MBFR to include their countries. Their concern is not so much that their forces would be included but that limitations might be placed on the US presence in the Mediterranean. Norway and Denmark, on the other hand, apparently are not opposed to an eventual extension of MBFR coverage to include their territory.

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The allies will likely continue to look to the US for leadership on NATO's MBFR position. In spite of their hopes for detente and support for a Conference on European Security, however, the allies are uncertain about how Western Europe's defense would be managed with a reduced US presence.



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JORDAN: Last week's senate reshuffle seems to be a victory for Prime Minister Tal.

All former prime ministers, who by parliamentary tradition are given senate seats, have been dropped from the new list. This effectively eliminates the last formal foothold in politics of several key opponents of the prime minister. The terms of half of the senate's 30 members--who are appointed by the King--expire on 1 November. Tal, rabidly anti-Egyptian and an advocate of a harsh approach to the fedayeen problem, has long been under fire from other Arab governments as well as enemies within Jordan.

Several highly vocal Palestinians also lost their senate seats, but the rough balance between East and West Bankers has been maintained. Six current cabinet ministers have been appointed to the senate as well, possibly so that they could be dropped from the next cabinet without loss of face. The new body may be expected to cooperate readily with any political plans the prime minister has up his sleeve.

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ARMS CONTROL: The Soviets have informed several embassies in Moscow that the USSR will shortly make a new proposal for a world disarmament conference to deal with both nuclear and conventional weapons. The text of the proposal reportedly will be transmitted to U Thant and publicized soon. Support for such a conference was contained in Brezhnev's "peace program" last March but the Soviets have not pushed the idea since then. China's recent torpedoing of the Soviet-recommended Five-Power Nuclear Conference probably contributed to Moscow's current initiative. In refusing to consider the Five-Power Conference, Peking reiterated its support for a world conference to discuss abolition of nuclear weapons. The Soviets may intend this new initiative to place Moscow on record as acceding to China's proposition and at the same time place the responsibility for the next move on Peking.

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COMMUNIST CHINA: Peking's first public reference to the behind-the-scenes investigation of the ultraleftist May 16 Corps, which has been exacerbating tensions within the ruling politburo for nearly two years, further attests to the growing strength of moderate forces in the leadership. In a widely disseminated article last week calling for more moderation in educational reform, the party theoretical journal Red Flag condemned adherents of the May 16 Corps for attempting to block the regime's efforts in 1968 to restore order in factionally troubled Tsinghua University. The thrust of the article apparently is intended to signal that the political influence of the more radical leaders on the politburo, which previously had appeared paramount in the educational areas, has taken yet another downward turn. The May 16 affair has been discussed in closed party sessions for some months and the open reference to the May 16 Corps apparently follows a decision by Peking to exploit publicly the affair to dramatize its repudiation of political extremism, past and present, across the full spectrum of domestic and foreign policy.

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